

**LEGISLATIVE SERVICES AGENCY  
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**FISCAL IMPACT STATEMENT**

**LS 6133**

**BILL NUMBER:** SB 63

**NOTE PREPARED:** Jan 20, 2012

**BILL AMENDED:** Jan 19, 2012

**SUBJECT:** Ports of Indiana.

**FIRST AUTHOR:** Sen. Charbonneau

**FIRST SPONSOR:**

**BILL STATUS:** CR Adopted - 1<sup>st</sup> House

**FUNDS AFFECTED:** X GENERAL  
X DEDICATED  
FEDERAL

**IMPACT:** State & Local

**Summary of Legislation:** Property Tax Exemption: The bill provides that certain leasehold interests in real property, including improvements, are exempt from property taxation if the real property is part of a port or project of the Ports of Indiana (Ports). It provides that unpaid property taxes on leasehold interests that are not exempt remain solely the liability of the lessee.

*Bonds:* The bill specifies that the Ports may issue bonds at public or private sale. It increases the maturity date of bonds issued by the Ports from 35 to 40 years.

*Property Appraisal:* The bill reduces from three to one the number of appraisers required to appraise property before the Ports may sell the property. It authorizes the Ports to determine the time and manner of sales of property interests financed by bond proceeds.

*Annual Audit:* The bill removes a requirement that the State Board of Accounts (SBOA) conduct an annual audit of the Ports.

The bill provides that leases of self-liquidating and nonrecourse projects are not subject to approval by the Governor.

**Effective Date:** April 1, 2012; July 1, 2012.

**Explanation of State Expenditures:** *Bonds:* The bill allows the Ports to issue bonds in a public or private sale and allow them to issue bonds with maturity dates of 40 years rather than 35 years. These changes would give

the Ports greater flexibility in letting bonds and could help the Ports get better terms and better match the market.

*Property Appraisal:* The bill would change the requirement of having three appraisals before a property sale to only needing one appraisal. This change would allow the Ports to save on appraisal costs and could help expedite property sales. Any cost savings is expected to be small.

*Annual Audit:* Currently, the Ports are annually audited by an outside certified public accountant. The audit is submitted to the SBOA, who performs a compliance review of the Ports. Under the proposed bill, the annual auditing costs for the Ports would not change.

*Background Information:* The Ports of Indiana was created by state legislation in 1961 and is charged with “promoting the agricultural, industrial, and commercial development of the state” through the establishment of port facilities on Indiana’s waterways. Indiana has ports in Burns Harbor, Mount Vernon, and Jeffersonville that handle as much as \$1.89 B in cargo shipments each year. A total of about 60 companies operate on 2,600 acres at the three ports, with about 800 acres still available for future development.

#### **Explanation of State Revenues:**

#### **Explanation of Local Expenditures:**

**Explanation of Local Revenues:** *Property Tax Exemption:* Under current law, land that is part of a port that is owned by the state or the Ports of Indiana and is leased is exempt from property taxation. The improvements on the land are not exempt except as otherwise provided under current law.

Under this bill, for leases that the Ports of Indiana enters into or renews with a political subdivision or other governmental entity after March 31, 2012, the assessed value of any improvements on the leased land would also be exempted from property taxation. This provision only applies to a lease the Ports of Indiana enters into or renews with a political subdivision or other governmental entity. The fiscal impact would be minimal as governmental property is not subject to property taxation under current law.

Additionally, after March 31, 2012, if the Ports of Indiana enters into or renews a lease with an entity whose property is not exempt from property taxation, the bill provides that any taxes imposed during the terms of the lease and remain unpaid upon expiration of the lease, would still be the responsibility of the lessee and not the Ports of Indiana or a subsequent lessee.

**State Agencies Affected:** Ports of Indiana; State Board of Accounts.

**Local Agencies Affected:** Local units collecting property taxes in Porter County, Posey County, and Clark County.

**Information Sources:** Ports of Indiana website, <http://www.portsofindiana.com/>; Paul Joyce, Deputy State Examiner, State Board of Accounts.

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